Previous references.

38 — 1902

File No.

38 — 1902

~~Q 7114 (c) of 95-96~~

1904

(Banking) 54-6-7

Later references.

B January 04 Sl No 1 & 2 File No 54

" Jany 04 " p 2 Banking. 34-08

P 21

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. ~~1 & 2~~ 6-7

PART B FOR August

SUBJECT.

Inspection report of the Agricultural Bank at Kaggalla, Kegalle Dt.

G.R.S. 11] 190 4.

GENERAL AND REVENUE SECRETARIAT.

Financial (Banking)

NOTES.

File No. 114-550.

FILE HEADING.

Report on the inspection of the Agricultural Bank at Kaggala, Mysore Dt.

From

The Dy Commr, Mysore District.

No. 576 Dated 14-4-04 Received 16 April 04

Diary No. R.3139	Enclos.	Spare Copies.	Serial No. 1

BRIEF ABSTRACT OF LETTER.

Submits the report on the inspection of the Agricultural Bank at Kaggala, Mysore District, made by Mr. C. Venkata Rao, Asst Commr on the 19th Feb'y 04.

NOTES AND ORDERS.

Submitted to the Secy with a Draft order.

23/7/04

23/7/04

23/7

Draft submitted to the Dewan Sahib

& 1.8.1904

NOTES—First sheet.

MGCPB—5,000—18-5-04

G.R.S. 12]

2

General and Revenue Secretariat.

File No. 114 (c) of 1898-6

Serial No.

2

Draft approved by the Dewan on 2-8-04.
To the D^t Commr, Mysore Dt. Govt Prop
no. H 939 dt 17-8-04.

Observes that the affairs of the Bank are very unsatisfactory and that if the instalments due to Govt are not paid within the next 3 months i.e, before the end of October next, all the arrears due to Govt should be recovered by coercive measures and the result reported.

Note—Contn. sheet.

MGCPB—10 000—19-5-04

(1) R 3139

1903 GOVT. 1904

1 6 APR. 1904. REVENUE SECRETARIAT.

From The Deputy Commissioner
Trincomalee District

To The Secretary to the Govt. of Ceylon Rev + Agric Depts.

Dated 14
Despatched 15 } April 1904
Received

General No. 576
No.

Enclosure No One

Submits report on the inspection of the Agricultural Bank at Kaggalai

16

RJ 11499 - Publish for R/1322 of 19/7/04.
+ Submitted to Secy on 25/4/04

30/4/04

Read.

MGCPB—50 reams.—6-12-02.

Mysore Deputy Commissioner's Office

No

Dated Mysore the 4th April 1904.

To

L. Anantasami Rao Esq: B.A.

Secretary to the Government in the

General and Revenue Department.

Sir

Adverting to the proceedings of Government No R 1572 dated the 30th No-
RF. 114-1895-96
vember 1903, making certain observations on the inspection report of the Agricultural bank at Kaggala in the Gundlupet Taluk and asking the Deputy Commissioner to arrange for a special inspection of the bank during the 1st week in March 1904, I have the honor to submit herewith the report showing the result of inspection made by Mr. C. Venkata Rao, Assistant Commissioner on the 7th February 1904.

2. The Assistant Commissioner notes in para 9 of his report that the warning given in the concluding portion of the Government order quoted above was duly communicated to the bank authorities. His remarks against query no 20 show that the defects noticed in the previous inspection reports have been remedied "to some extent". The affairs of the bank are still far from satisfactory.

I have the honor to be,
Sir,
Your most obedient Servant,

N Subbaraya Rao
Deputy Commissioner
Bijapur District

Gundlupet Taluk

Kaggala Agricultural Bank.

Date of last inspection - 22nd and 23rd August 1903.

1. Date of present Inspection. (1) 17th February 1904.

3. Whether there is a duly registered bank office where members and depositors can and have their business attended to; and if there has been any change in the office since last inspection, why necessitated and whether duly registered.

(2) The Agricultural Bank at Kaggala was duly registered by the Registrar of joint stock Companies on the 1st day of December 1896. The Bank office which had been temporarily located in the agent Chik-Chamaiya's house at Sindampur on account of plague scare in the village, has since been removed to the regd Bank office in the president Ranjaiya's house at Kaggala -

Whether any dates and hours are fixed for transaction of business, whether business is regularly transacted at those dates and hours; if no appointment is thus made, what arrangements exist for the due transaction of business when members and depositors call; and on how many days in a month is business done.

(3) In the general assembly meeting Convened on the 25th August 1903, a Resolution was passed to the effect that the business of the Bank should be transacted on the last

Monday of every month from 10 a.m. to 4 p.m. thus making it clear that business is to be done once a month.

(4) The Bank's property such as registers, accounts, title-deeds, documents, cash balance and other property are kept in a box under lock and key in the Bank's premises in the custody of the president and the Agent but the cash balance and the key of the property box are kept by the Agent.

(5) No change since last inspection.

(6) Nothing to note

(7) The printed register of property was not produced for inspection From the resolution passed at the general meeting held on 25th August 1903, one was ordered to be kept.

The net value of property

5. Whether the bank's registers, accounts, title-deeds, documents, cash balance and other property are kept in the bank premises in the custody of the President and Agent; and if any of them are not so kept, where and how they are kept; under what authority and upon whose responsibility.

6. Whether the villages to which the members belong are sufficiently near (within a radius of five miles) to the Bank house, and duly registered; at what distance do the majority of members, the directors and office-bearers reside; and if business was extended to any new village whether there was proper sanction for it.

7. As regards members, whether and to what extent there has been any increase or decrease in their number since formation of the bank or last inspection; what was the decrease, if any, due to; were the new members duly qualified, duly elected, and registered; in case of members belonging to a joint Hindu family or otherwise possessing a qualified or limited status, whether there is proper representation of interests involved; whether in the practical working, the bank has gained or lost in strength, energy and usefulness since formation or last inspection.

8. As regards credit, solvency and resources of members, whether a complete and accurate list of the lands of members is maintained: if not, how is the omission explained; to what extent have fluctuations in the number of members affected the united credit of the bank. Any notable instances of new acquisition or improvement since formation of the bank or last inspection; any notable instances of sale or other kind of transfer, relinquishment or deterioration; how these have affected the solvency and resources of the members concerned and of the Association as a whole; what guarantee, if any, has the bank obtained or the rules of the General Assembly afford against alienations and relinquishments prejudicial to the Bank's interests; compare the *net* amount of the value of property as per latest authenticated list with the amount of liabilities of the bank at date of inspection.

9. As regards Bank's funds, note whether the limit fixed at formation had been increased or decreased under due authority; whether the bank had in its dealings unauthorizedly exceeded the limit and if so how is this explained or proposed to be rectified. Classify the Bank's funds at date of inspection with reference to the scurces from which they were derived viz:—entrance fee, contributions, loans from Government, if any, loans from others, deposits from members (1) in Cash and (2) in grain, deposits from outsiders, Debentures etc. Note whether the bank's credit is well established and sustained, or steadily growing: if otherwise to what extent such result is due to any action or omission of the bank's authorities and what other causes are likely to have contributed to it; whether the lessons of co-operation, mutual help and thrift are understood and practised, if not, inculcate them to as large a body of members and outsiders as can be gathered.

hypothecated to the Bank Rs. 19355, and the total amount of the Bank's liabilities is Rs 8300 exclusive of interest

(8) The limits fixed at the formation of the Bank have neither been increased nor decreased

First class loan is the only one existing now.

The classification of the Bank's fund at date of inspection is as follows—

	Rs as p.
Entrance fee	12-0-0
Loan from Govt	10,000-0-0
deposit from members in Cash.	60-0-0
Reserve fund	50-0-0
	10122-0-0

It was pointed out in the last inspection report that most of the members are related to one another and they are not enthusiastic in the payment of instalment or interest on the due dates.

The Bank authorities have failed to show good progress in the collection since last inspection.

(9) As per Inspector's Circular no. 1067-1147/61 dated the 27th Cepril 1900 the Bank authorities were allowed to repay Govt loan in 8 or 10 years.

The Bank has made repayments as shown below

	Rs-
In Dec. 99	200
In jan. and june 00	150
In april. 01	100
In jan. & Feb 1902	600
In Sep & Dec. 03	600
In jan. 04	50
	1700

The payment of half-yearly interest are not regular. The accounts records of the Bank show that the last half yearly interest amounting to Rs 174-9-7 was paid on 30th Dec. 03.

10. As regards Government loan, note whether the terms fixed for repayment are duly acted up to or there has been gross delay, dilatoriness or neglect; the amount outstanding against the bank at date of inspection; whether the loan may be continued subject to the terms allowed for repayment or whether in your opinion it is advisable to withdraw the loan under the provisions of sections 74 & 75 of the articles of association; and state reasons for such opinion briefly and concisely.

Note:-

In 1898-99 the Bank had paid to the Try. Rs 1000/- towards the principal but withdrew it in the same year.

11. As regards loans and deposits from others, note the terms allowed, generally in regard to rate of interest and time for repayment; whether the sanction of the General Assembly had been obtained to the rates of interest and other essential terms; whether the obligations incurred were, in any way in excess of the bank's requirements or of what local conditions of credit, prudential considerations and the progress and well being of the Bank justified; whether the Bank authorities are alive to the importance of placing themselves in a position to discharge the obligations incurred, punctually completely and satisfactorily.

12. As regards the Bank's transactions—Compare the Cash Book with ledgers. Receipts, chalans, Cheques, Treasury Pass Book. Contingent and establishment registers, documents etc. Is it posted up from actual transactions as they occur and in the order of their occurrence, and are entries made so clear as to be easily intelligible and traceable through the other accounts? If discrepancies and omissions due to mere oversight or ignorance are found, have them rectified in a business-like manner as far as practicable and note here such as are considered to be grave In the case of corrections, see if they are initialled by the President and Agent, and if any of the corrections are not satisfactory note briefly your objections.

See if disbursements were duly authorised and are supported by proper vouchers.

Were the charges incurred under Establishment and contingencies real or fictitious either wholly or in part, and if real, necessary? Is the rule about members rendering gratuitous service duly respected.

Note date of the last entry in the Cash Book, and the cash balance on that date according to the Cash Book and as forthcoming in the bank's chest. Are instances frequent of the transgression of the limit fixed in the articles of association for cash balance in the hands of the Board of Directors, and how are they explained? Are large sums kept in hand for any length of time without being utilized? Is the facility afforded for keeping current account with the Treasury utilised as far as possible for minimising cash balances, if not, how is the omission explained? Has there been any complaint or ground for the belief or suspicion that needlessly large balances are retained by the Agent or President for surreptitious use by himself or other members of the Board.

If the Govt have enjoined
in their Rc. R 1512 dated
R.7.114-1895-6
30th Novbr 03 that this support
would be withdrawn if the
Bank authorities failed to shew
during the next inspection in
the first week of March 1904
that the irregularities pointed
out in the previous inspection
reports were duly rectified.
The Bank authorities were
told to note the above instru-
ctions carefully.

(10) None

(11) The Acquittance Roll
is maintained - No receipt
stamps have been affixed
to the Acquittance Roll for
the disbursement of pay
made to the Bank Mukhtadi
out-1-03 and 1-7-03
at the rate of Rs 42 for
every 6 months. They were

since sent for and duly affixed.

No Contingent register had been kept and it was caused to be opened.

The Cash balance on 31-1-04 was Rs 12-11-6

Note the general results of the bank's cash transactions up to date of inspection in the appended form and see if the Cash Balance Sheet last submitted by the bank is correct in all particulars.

RECEIPTS.	RS. A. P.	EXPENDITURE.	RS. A. P.
From Treasury ...		To Treasury Current acct. principal repaid ...	
„ Depositors ...		Depositors ...	
Entrance fee ...		„ Members, loan.	
Interest and penalty ...		„ Govt. on acct. of interest ...	
Loans repaid ...		Depositors „ ...	
Other items. ...		„ Printing charges ...	
		„ Establishment.	
		„ Contingencies..	
		„ Other charges.	
Total.		Total	

(12) No

12 As regards loans to members, note if, in addition to the restrictions and limitations prescribed in section 42 of the articles of association, the General assembly has prescribed any limit with reference to the value of the landed property held by applicants for loan or offered as security by them; whether loans have been granted to any in contravention of these rules, members of joint Hindu family being taken as representing one account; how such transgressions are explained or proposed to be rectified; had any loans been granted to other than members in need or had any deserving applicants been denied to favour particular individuals, and had such instaces produced feelings of distrust and discontent and impaired the cordiality and unanimity expected to exist among the body of members; are objects for which loans are applied for, explained with sufficient clearness in the Darkhasts; is the application and use made of loans watched by the Board of Directors or other authority; have there been any instances of non application or misuse, especially of sums obtained having been used by any member for purposes of trading or private banking or money lending.

Note the sums obtained and used for the several purposes indicated in the appended form.

Amount spent.	Rs.	A. P.
1 For discharging encumbrances		
2 to discharge other debts ...		
3 For Agricultural purposes...		
(a)		
(b)		
(c)		
(d)		
4 For other purposes.		
(a)		
(b)		
(c)		
(d)		

Amount obtained.	Rs.	A. P.
1 to discharge encumbrances.		
2 to „ other debts.		
3 for agricultural purposes.		
(a)		
(b)		
(c)		
(d)		

14. As regards securities obtained, note if the mortgage deeds in favor of the Bank are in proper form executed by the proper persons and duly registered; if prior mortgages in respect of property hypothecated to the Bank had been fully discharged and the mortgage deeds (duly discharged) produced in Bank together with title deeds; in case of exceptions, when the mortgages are likely to be discharged and their amount; the proportion the loans of first class bear to the amount of property mortgaged; notable cases of undue preference if any with explanation; whether good and sufficient personal security was obtained in the case of the second and third class loans; whether in the case of simple debts repaid, documents discharged, receipts &c. obtained had been produced, and in case of notable exceptions when they are expected to be produced.

Note particulars in the appended form of loans outstanding against members at date of inspection exclusive of repayments.

1st class.	2nd class.	3rd class.	4th class.	Total.	Value of property under mortgage to Bank.

15. As regards punctuality, completeness or otherwise in the payment of dues by members—note whether the rule requiring strict punctuality is borne in mind and enforced in all practicable cases, or whether there is any unhealthy tendency to evade it; how many are defaulters (1) among office-bearers and (2) among other members; the amount of instalments overdue remaining unrecovered at date of inspection, the amount of 2nd, 3rd and 4th class loans likewise overdue remaining unrecovered; causes of unduly large arrears and large number of defaulters; whether proper notice had been taken of defaults and adequate steps taken for recovery of arrears; whether renewals were granted with prudence and discrimination; whether the interest and penalty due to the bank had been fully recovered and whether the interest due to Government and to other creditors duly paid; arrears if any how explained and when expected to be paid.

(13) Yes - Since the date of last inspection a mortgage deed has been executed — in favor of the Bank. It is in proper form but not yet registered. Although there is yet time for ~~Reg~~ registration the Bank authorities were told to get the bond reg^d. soon.

The fair sht of document is prepared as instructed in the last inspection — report.

The pro-notes that were found time-barred during the last inspection have since been discharged.

The loans outstanding against the members up to date of inspection was Rs 7865.

(14) Owing to the accumulation arrears the General Assembly Convened a meeting on 31-1-[illegible] and resolved that there —

members should pay in one lump sum all the arrears including Khist and interest before the end of ~~Dec 03~~ December 1903 and in their second meeting held on 25-8-03 they — resolved to remit the penalty to those who pay up their arrears in full before the end of Dec: 03. and in the case of those that are still defaulters they should pay the full amount of arrears in one lump sum together with penalty - Since the passing of this resolution and since the last inspection the Bank people recovered only Rs. 1067-5-8 including the interst of Rs 307-5-8 before the end of Dec. 03 From July to Dec. 03 the Bank authorities recovered from the members Rs1112-7-4 Out of this sums they paid

Treasury
to the ~~Trop~~ in small sums
aggregating Rs 650 at the
end of Dec. 03 towards principal
to Govt loan and paid
Rs 355-6-7 towards interest
making a total of Rs 1005-6-7

Again in January 1904 the
Bank recovered Rs 209-12-9
from a member Channa Basava
Gowda. It may be remarked
here that this member had taken
loans of Rs 200 and Rs 250
under 1st and 2nd class
respectively & made part
payments to each of them
to the Bank and thereby allowed
the documents to become time
barred. In order to discharge
these documents he renewed
the document in favor of
the Bank for a sum of Rs 200
on 8-1-04 under class I.

From the above it will
be seen that the Bank

has recovered from the members
till the end of gaunary 1904
Rs 1322-4-1 and they spent
it as noted below:-

To Govt towards loan	650-0-0
" towards interest	355-6-7
Establishment charges	99-0-0
Cast balances in hand	12-11-6
Contingencies	5-2-0
Renewed bond	200-0-0
	1322-4-1

The Bank authorities say
that they have been pressing
the members very much to
pay up their arrears at once
in order to enable them to
meet the Govt demand
unless they take severe
measures they cannot expect
to get their money. As stated
above the members are all
related to one another with
few exceptions and they are

therefore unwilling to resort to severe measures

(15) As regards surplus:—

	Rs as p
Interest	902 - 5 - 9
Fines	545 - 1 - 7
Total	1447 - 7 - 4

This amount was due by the members out of this a sum of Rs 384 - 9 - 1 was since recovered i.e. before the end of January '04 and the balance of Rs 1062 - 14 - 3 is still outstanding against the members

16. As regards surplus—Note what this amounts to up to date of inspection, taking into account the arrears remaining unrecovered of interest and other items of income; how much of this has been realized; what amount has been carried to the Reserve Fund by resolution of the General Assembly; how the Reserve Fund is invested; how the remaining surplus is used or secured; whether any and what special charges tended to reduce the surplus; and if the Bank has other assets what they are and their value.

~~Note.—In calculating the surplus, the arrears of interest due to Government and depositors and other charges such as establishment charges etc., if any remaining to be paid should also be taken to account.~~

17. As regards meetings of General Assembly, note whether the rules for convening these, the conduct of business therein and the recording and registering of resolutions are understood and duly given effect to; if not, explain the same to the office bearers and others present; note whether meetings had been held regularly every half year; whether any and what number of extraordinary meetings had been held since last inspection; whether notices had been duly given to members; whether members were generally taking interest in the Bank affairs or whether there was party feeling; whether special resolutions had been duly confirmed and registered; whether any resolutions were inconsistent with the articles of association or other provisions of law.

(16) One General meeting only was convened but no extraordinary meeting was held since last inspection

18. As regards Board of Directors, note whether and how often they meet for transaction of business; whether their resolutions are duly recorded in a book; if they do not meet, what arrangements exist for the discharge of their duties and functions and what record exists of their proceedings; whether any and which of them have been taking special interest in and working with zeal for the progress of the institution.

(17) There is no minute book opened - The President has been requested to see it done at once. The Board of Directors meet once a month and transact the business.

19. As regards supervision, whether any and what arrangements the general assembly had made for control and audit, are they effective and satisfactory.

(19) The supervision is not at all effective and satisfactory. It is clear from the following balance sheet that the office bearers themselves have become defaulters.

Serial No.	Name of Office bearer	Amount of Khist in arrears	Amount of Interest in arrears	Total
(1)	Ranjaiya (president)	400-0-0	125-6-7	525-6-7
(2)	Chik Chamaiya (Agent)	280-0-0		280-0-0
(3)	Holagaramyana Devaraya (director)	136-0-0		136-0-0
(4)	Patel Ranje Gowda (director).	168-0-0	31-15-3	199-15-3
(5)	Kandagal Devappa (director)	80-0-0	11-0-0	91-0-0
		1064-0-0	168-5-10	1232-5-10

No-1 has fallen in arrears from Dec' 99 to the end of Dec' 03. No. 2 from Dec. 01 to the end of Dec' 03 Nos 3 & 4 from Dec' 02 to the end of Dec' 03 and no 5 from

July 1903 to the end of December 1903.

19 As regards registers and accounts, see appended list, note therein which of them is kept and how.

(19) Calls for no remark.

I. Register of members
II. ,, of applications for loan
III. Cash book
IV. Ledger
V. Minute book
VI. Register of balance sheets
VII. Property Register
VIII. Register of monthly cash abstract
IX. Register of bonds
X. Receipts by Bank to members
XI. Depositors' Ledger
XII. Treasury pass book
XIII. Chalan book
XIV. Cheque book
XV. Receipts by members to Bank
XVI. Register of Directors
XVII. Register of Directors' Proceedings
XVIII. Register of applications of loans
XIX. ,, of Contingent expenses
XX. ,, of disbursement of pay to Establishment
XXI. ,, of From letters
XXII. ,, of To letters
XXIII. Visitors' book
~~XXIV. File of rules and orders~~

20 General remarks regarding the state of the Bank.

(20) The Bank people have remedied the defects noticed in the previous inspection report to some extent and they are again warned to get the property mortgaged to the Bank entered in the special register in view to protect their interest in the property.

Assistant Commissioner,
Nanjangud division.

(2)

G.R.S. 28]

B & Jnds.

File No. 114-95-7

Serial No. 2

Diary No. of letter replied to R 3139

Proceedings of the Government of His Highness the Maharaja of Mysore.

GENERAL AND REVENUE SECRETARIAT.
(Banking)

Dated, the 17th August 1904

Date of issue 17-8-04

Signed by Mr. M. D. Kantharaj Urs

READ.—

(1) G. O. No. 1512 R.F. 114-95-6 of 30-11-03

(2) Letter no. 576 dated the 14th April 1904 from the Dy Commr of Mysore Dt. submitting a report on the inspection of the Agricultural Bank at Kaggala made by Mr. C. ~~UPPER THERMON. No.~~ Venkata Rao, Asst Commr on the 17th Febmary 1904.

Order thereon. No. 7L 939 B. 114-95-2

In the G. O. 17th Augt/04 read above, Govt directed that a special inspection should be made in March 1904 and

over

SUBJECT

MGCPB—5000—24-6-04

the Bank warned that, if within that time it fails to rectify the defects and irregularities, Govt would be constrained to adopt measures to withdraw their support.

2) The Deputy Commissioner reports that a fresh inspection was made in February 1921 and that the defects noticed in the previous inspection report ~~had~~ have been remedied only to "some extent". The affairs of the Bank are still very unsatisfactory. It has not repaid fully the instalments at the prescribed periods. The arrears due to the Bank are remaining unrecovered for a long period.

~~The Deputy Commissioner will~~ fix a time and warn the Bank that, if within that period ~~the Bank does not recover~~ all the arrears due ~~by the~~

If the instalments due to Govt are not paid within the next three months that is by the end of October next

G.R.S. 27]

GENERAL AND REVENUE SECRETARIAT.

(Continuation Sheet draft form.)

~~members, and repay the arrears of instalment due to Govt up to date, Govt will direct the recovery of the whole loan by coercive measures.~~

(3) ~~The Deputy Comm^r will~~ favor Govt with his opinion very early as to whether, under the existing circumstances, the loan may be continued without risk to the interests of Govt.

1.8.1904

~~Offg~~ Secy,

Mysore

31/7/04

To

The D^y Comm^r Mysore &t

23/7/04

23/7